

## **LONDON ENGINEERING GROUP**

### **ARTICLES OF ASSOCIATION**

#### **1 Accountability**

- 1.1 The name of the Association is the London Engineering Group (“LEG”).
- 1.2 LEG is established as a consultative body for insurers and reinsurers active in the Relevant Classes in the London construction and engineering markets (the “Engineering Market”);
  - 1.2.1 The “Relevant Classes”, being the classes of insurance that are within the scope of LEG, are Erection All Risks (“EAR”), Contractors All Risks (“CAR”), Civil Engineering Construction, Contract Works, Delay in Start Up, Project Third Party Liability, Contractors Plant, Machinery Breakdown, Loss of Profit, Industrial /Operational All Risks, Electronic Equipment and any other classes which may have an impact upon the Engineering Market.
- 1.3 LEG does not have any parent organisations and is not accountable to other market bodies or organisations.
- 1.4 LEG will permit the affiliation of any subgroup that furthers its objectives as deemed fit by the Executive and its Members. Each will be mutually accountable to the other and will adhere to these Articles of Association.

#### **2 Objectives**

- 2.1 LEG undertakes
  - 2.1.1 to meet on a regular basis to identify and discuss issues considered to be of interest or concern in the Engineering Market;
  - 2.1.2 to provide education to its Members and to others on issues considered to be of interest or concern in the Engineering Market;
  - 2.1.3 to provide a forum for presentations by Members and any third parties considered suitable by LEG to participate in such presentations;
  - 2.1.4 to facilitate the distribution of relevant information to the Engineering Market;
  - 2.1.5 to respond to requests from other London (or organisations based elsewhere) insurance and reinsurance market bodies or organisations (including governmental, regulatory and industry bodies) or from other outside bodies for service and recommendations on issues relating to the Engineering Market;
  - 2.1.6 to establish and oversee affiliated subgroups and their committees or working groups to review, assess, develop or comment upon policy wordings, clauses, papers or matters of interest to the Engineering Market;

- 2.1.7 to organise and sponsor conferences and seminars for all interested parties related to the Engineering Market, whether Members or not, including, but not limited to, brokers, lawyers, adjusters and risk managers; and
- 2.1.8 to provide a forum for the exchange of views and information between practitioners on matters relating to the Engineering Market
- 2.2 LEG and its affiliated subgroups may do any lawful thing as may be necessary for the attainment of such objects, including:
  - 2.2.1 raising funds and inviting and receiving contributions from any person or persons whatsoever by way of subscriptions and otherwise;
  - 2.2.2 subject to such consents as may be required by law, borrowing or raising money for the said objects and accepting gifts on such terms and on such security as shall be deemed to be necessary;
  - 2.2.3 utilising its funds in pursuance of its objects as the Executive deems fit;
  - 2.2.4 investing the funds of LEG not immediately required for its objects in or on such investments, securities or property as may be thought fit, subject nevertheless to such conditions (if any) as may for the time being be imposed or required by law.

### **3 Competition Policy**

- 3.1 LEG is committed to effective competition in the Engineering Market.
- 3.2 LEG will not allow its meetings, organisation or facilities to be used for any illegal, unlawful or anti-competitive purposes and it is the duty of each Member and delegate to:
  - 3.2.1 ensure that LEG does not contravene or assist any other party in the contravention of any applicable law or regulation and
  - 3.2.2 be aware of their responsibilities under applicable law or regulation, including but not limited to EU and UK competition law, and ensure that all reasonable care is taken to ensure that no infringement occurs.
- 3.2 All Members by joining LEG and their delegates irrevocably authorise the Chairman to disclose to any relevant governmental, supra-national, regulatory or other person having legal authority all and any information concerning the activities of LEG as such person shall lawfully require and to offer all reasonable co-operation as may be required or in the interests of LEG.
- 3.3 LEG, affiliated subgroups, Members and delegates will not engage in:
  - 3.3.1 the discussion of specific named risks, projects, insureds, prospective insureds, or claims unless the information is in the public domain;
  - 3.3.2 any anti-competitive practice, including but not limited to entering into an agreement (whether in writing or verbal; formal or informal), arrangement or concerted business practice that appreciably prevents, restricts or

distorts competition in the Engineering Market or has the intention of so doing;

- 3.3.3 any agreement (whether in writing or verbal; formal or informal), arrangement or concerted business practice that directly or indirectly controls or fixes either premium rating or policy terms, the terms of business or the method of conduct of business applicable to either specific named risks or insureds or to the Engineering Market as a whole;
- 3.3.4 any control of the use of policies or wordings other than those written by and attributed to LEG and deemed to being mis-used by any party other than LEG;
- 3.3.5 any attempt to formulate strategy that would influence practices within the Engineering Market;
- 3.3.6 any practices which may reasonably lead to LEG being deemed or construed to be operating as a cartel.

#### **4 Membership**

- 4.1 Membership of LEG shall be open to insurance and reinsurance companies Lloyd's syndicates, Managing General Agents and the like, which participate in underwriting and risk transfer of any or all of the Relevant Classes for risks on a direct or facultative reinsurance basis in the London market
  - 4.1.1 that have paid their annual subscriptions and
  - 4.1.2 who shall undertake to regularly attend and contribute to the meetings.
  - 4.1.3 that the Engineering underwriting office of the Member shall be located within the UK or Europe
- 4.2 The Executive shall have the right to approve or reject applications for membership without giving reasons.
- 4.3 Each Member shall provide one or more individual person(s) as a delegate to fulfil the criteria of representing it at LEG meetings and other activities and vote on its behalf at general meetings.
- 4.4 The criteria for a delegate is that the person is a responsible underwriting practitioner involved in the daily underwriting and risk transfer of the Relevant Classes that will engage and participate in the objectives of LEG or the affiliated subgroups.
- 4.5 In the event of a delegate:
  - 4.5.1 leaving the employ of his Member;
  - 4.5.2 being the subject of any fine, censure or adverse ruling by the FCA (or equivalent regulatory body in another jurisdiction) or found guilty by any court of any fraud or serious misconduct;

- 4.5.3 resigning his position of delegate by notice in writing;
- such person shall immediately cease to be a delegate and the relevant Member may provide a replacement delegate.
- 4.6 Any delegate shall be removed from LEG if the Executive, acting in good faith, considers that the delegate has breached the Articles of Association or upon notice of resignation of the Member being notified to the Executive. Upon resignation of Membership, and in the absence of LEG's dissolution, a Member automatically transfers any rights, title or interest it may have in any funds of LEG or any of the affiliated subgroups to the remaining Members.
- 4.7 If a Member is not represented by a delegate at four consecutive meetings:
- 4.7.1 the Executive may notify the Member that their attendance is breaching their undertaking to regularly attend the meetings; and
- 4.7.2 at the next appropriate meeting the Chairman may call a resolution on whether the Membership of the relevant Member shall be revoked and a vote taken by the attending delegates
- 4.7.3 after the meeting the Chairman will inform the Member in writing of the decision that was reached.
- 4.8 Membership of LEG shall not require any Member or delegate to adopt, follow, implement or obey any decision or recommendation of LEG except in relation to the running and operation of LEG itself.
- 4.9 The Executive will determine the level of Membership subscription fee for the following year. Such subscription fee shall be payable by the Members within 60 days of receiving a notice requesting payment.
- 4.10 Each Member's liability in relation to LEG activities is limited to the extent of its subscription fee.
- 4.11 Only the Executive are authorised to act as agent for LEG (and its Membership) and to enter into contracts on behalf of LEG and its Membership (subject to such acts and contracts being in accordance with these Articles, a standing order or rule issued by the Executive or a prior written resolution of the Members passed in general meeting); other delegates and Members are not authorised to do so except in accordance with a prior written standing order or rule issued by the Executive or a prior written resolution of the Members passed in general meeting specifically naming such delegate / Member as having such authority. No person shall have authority on behalf of LEG or its Membership to incur any uninsured liability beyond the amount for the time being of its funds.
- 4.11.1 Each affiliated subgroup may adopt similar criteria for their group but no liability for such contracts may be transferred to LEG without specific authorisation from the LEG Executive.

## **5 Executive**

- 5.1 At the Annual General Meeting the delegates present shall elect an “Executive” comprising a Chairman, Treasurer and Secretary together with supporting officers as deemed appropriate (the “Executive”).
- 5.2 Executive officers shall hold office until the conclusion of the Annual General Meeting next after their election but shall be eligible for re-election.
- 5.3 At each Annual General Meeting:
  - 5.3.1 Any delegate may put himself or herself forward for any Executive office
  - 5.3.2 A resolution shall be taken on the appointment of such delegates to each office.
- 5.4 The remit of the Executive is to oversee the efficient and effective operation of LEG in accordance with these Articles of Association.
- 5.5 The Executive may:
  - 5.5.1 accept affiliated subgroups, who may arrange or maintain their own executive committees
  - 5.5.2 appoint special or standing committees as may be deemed beneficial to the objectives of LEG by the Executive and shall determine their terms of reference, powers, duration and composition.

All acts and proceedings of affiliated subgroups or committees and such special or standing committees shall be reported back to the Executive as deemed mutually appropriate.
- 5.6 A member of the Executive shall cease to hold office if they:
  - 5.6.1 resign or otherwise leaves the employ of their Member company;
  - 5.6.2 are the subject of any fine, censure or adverse ruling by the FCA (or equivalent regulatory body in another jurisdiction) or other governmental or supra-national body, or is found guilty by any court of any fraud or serious misconduct;
  - 5.6.4 resigns his office by notice in writing;
  - 5.6.5 is absent from four consecutive meetings of the Executive and the Chairman and the majority of the Executive determine that such officer shall be removed from office.
  - 5.6.6 are inadequately supported in the voting process of electing the Executive at the Annual General Meeting.
- 5.7 Any Executive Officer may be removed from his Executive position by a resolution at a duly convened general meeting.

- 5.8 Any casual vacancy in the Executive may be filled by the Executive and any person appointed to fill such a casual vacancy shall hold office until the conclusion of the next Annual General Meeting and shall be eligible for election at that meeting.
- 5.9 The proceedings of the Executive shall not be invalidated by any failure to elect, or any defect in the election, appointment, co-option or qualification of, any Executive officer.

## **6 Meetings**

- 6.1 LEG will meet as agreed from time to time. A meeting may be called:
  - 6.1.1 by the Executive upon at least 5 days written or email notice to at least one delegate of each Member or
  - 6.1.2 upon 10 days written notice to the Chairman by at least three delegates, in which case the Chairman shall notify, in writing, to as many delegates as possible at least 5 days in advance of the meeting.
- 6.2 No general meeting shall take place unless a quorum is present. A quorum will consist of eight delegates excluding the Chairman. A vote on an issue is decided by the majority of delegates present and entitled to vote at the relevant meeting, each Member having one vote via any one of its delegates present at the meeting. The Chairman has the casting vote in the event that there is no majority.
- 6.3 The Chairman and Secretary will be jointly responsible for ensuring the convening of general meetings, preparation and circulation of agendas and minutes and timely follow-up of agreed action.
- 6.4 No business shall be transacted at any general meeting unless:
  - 6.4.1 it has been duly placed on the agenda and circulated to delegates at least 2 days in advance of the meeting;
  - 6.4.2 the Chairman receives 3 days written notice of such matters from a delegate, in which case the Chairman shall include such matters in the agenda and circulate an agenda including such business to delegates at least 2 days in advance of the meeting; or
  - 6.4.3 a resolution is passed at a duly convened general meeting to discuss such business.
- 6.5 The venue for each general meeting will be jointly decided by the Chairman and Secretary. Agendas and minutes of general meetings will be circulated to delegates and will be available for inspection on the LEG web site.
- 6.6 The Executive shall make best endeavours to ensure all delegates are included in all notices and that at least one delegate from each Member shall be served notice but the business of LEG shall not be constrained by any delegate not having received appropriate notice as outlined above.

6.7 Once a year an Annual General Meeting shall be held at such time (not being more than 15 months after the holding of the preceding Annual General Meeting) and place as the Executive shall determine. At least 21 day's notice shall be given. At such Annual General Meeting the business shall include:

6.7.1 the election of Executive;

6.7.2 the consideration of an annual report of the work done by or under the auspices of the Executive; and

6.7.3 the transaction of such other matters as may from time to time be necessary.

## **7 Minutes**

7.1 Minutes of general meetings shall be kept by the Executive and shall maintain a record of all discussions, proceedings and resolutions.

## **8 Standing orders and rules**

8.1 The Executive shall have power to adopt and issue standing orders or rules. Such standing orders or rules shall come into operation immediately provided that they shall be subject to review in the next general meeting and shall not be inconsistent with the provisions of these Articles.

## **9 Payments**

9.1 All moneys raised by or on behalf of LEG or any affiliated subgroup shall be applied to further their own objectives and for no other purpose provided that nothing herein contained shall prevent:

9.1.1 the repayment to Executive committee members of reasonable out-of-pocket expenses,

9.1.2 the Executive being entitled to effect policies of insurance or indemnity and paying any premiums thereon to cover the liability of the Executive (or any of its Officers) which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to LEG; provided that any such insurance or indemnity shall not extend to any claim arising from any deliberate or reckless act or omission.

## **10 Finance**

- 10.1 The Executive shall:
  - 10.1.1 keep accounting records;
  - 10.1.2 prepare annual statements of account; and
  - 10.1.3 arrange any necessary auditing or independent examination of the statements of account.
- 10.2 A statement of the accounts for the last financial year shall be submitted by the Executive at a general meeting not more than 90 days following the end of each calendar year.
- 10.3 A bank account shall be opened in LEG's name with such bank as the Executive shall from time to time decide. All transactions must be approved by at least two Executive officers.
- 10.4 The Treasurer holds LEG's funds (including subscriptions) subject to each Member's contractual rights and liabilities. The Treasurer shall have full control of the use of LEG's funds (however raised) in accordance with the direction of the Executive, LEG's objects and these Articles.
- 10.5 LEG is non-profit-making. It is run purely for the benefit of Members without any outside commercial influence. The Members of LEG are engaged in mutual trading to pay for the furtherance of LEG's objects; any surplus funds of LEG or any sub group are their Members' own money and shall be returned to their Members upon dissolution of LEG, or the individual sub group. In no circumstances shall LEG charge any fees of any nature other than membership subscriptions, unless specifically approved by the Executive.
- 10.6 Where an affiliated sub-group maintains their own funds, the above provisions 10.1 to 10.5 shall apply to them.

## **11 Dissolution**

- 11.1 If the Executive by a simple majority decides at any time that it is necessary or advisable to dissolve LEG, or the Executive of any sub group on behalf of that sub group, it shall call a special general meeting on not less than 21 days' notice stating the terms of the resolution to be proposed. If such decision shall be confirmed by a two-thirds majority of Members (LEG or sub group) present and voting at such meeting the relevant Executive shall have power to dispose of any assets held. Any assets remaining after the satisfaction of any proper debts and liabilities shall be distributed equally between the current, fully paid up Members at that time.



## **12 Notices**

- 12.1 Any notice may be served by the Secretary on any Member by serving it personally on its delegate or by sending it via email to the delegate using his or her usual business email address, or through the post in a prepaid letter addressed to such Member at its registered office (or, in the case of a Lloyd's Syndicate, at the registered office of its managing agency), and any letter so sent shall be deemed to have been received 3 working days after posting.

## **13 Alterations to these Articles**

- 13.1 These Articles may be altered by a resolution passed by not less than two-thirds of Members present and voting at a general meeting. The notice of the general meeting must include notice of the resolution, setting out the terms of the alteration proposed.
- 13.2 Each affiliated subgroup may hold their own Articles of Association which shall take effect following acceptance by the Executive, however they shall not take precedence nor override any provisions made within this document.

These Articles were adopted by LEG in general meeting on XXth XXXXXX 2017 and all other constitutional rules and articles of LEG existing prior to this date are revoked.